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SUBJECT: AMBASSADOR AND GAZAN BUSINESS LEADERS DISCUSS PA SECURITY, DISENGAGEMENT PLANNING

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11. (SBU) Summary: The Ambassador met December 23 with Pepsi Gaza CEO Mohammed Yazgi, Gaza Bus Company President Mohammed Abu Ramadan, and engineer and insurance company head Ahed Bseiso -- three Gazan businessmen who also lead the private enterprise organizations PalTrade and the Palestinian Business Association. The group focused on PA security, with the Ambassador noting that a clear effort on the part of the security services to find those who had killed three Embassy security personnel would encourage the USG to consider re-entering Gaza. The businessmen emphasized the disarray of the security services overall and the importance of security "on the street" to private enterprise. They described Gaza disengagement as "breaking apart the road map" and noted that PM Sharon could make the new PA either strong or weak, adding that they urge the USG to monitor the peace process closely. On the border crossings, the men related instances of what they deemed unnecessary IDF-ordered delays, while the Ambassador described potential positive GOI steps towards greater freedom of movement. The three agreed to the Ambassador's suggestion of a joint Israeli-Gazan business meeting to be arranged by the Embassy. End Summary.

Security: Finding The Killers

12. (SBU) The Ambassador opened the meeting by expressing regret that USG personnel are not traveling to Gaza in the wake of the October 2003 killings of three Embassy security personnel. In response to Ahed Bseiso's comment that this policy appeared to be "collective punishment," the Ambassador responded that it was instead a reflection of the USG's deep dissatisfaction with the way the PA security services "dropped the issue" after a handful of seemingly productive meetings. The security services would have to demonstrate clear effort to solve the case and progress on reform initiatives, rather than perfection in these efforts, in order for the USG to consider returning to Gaza.

13. (SBU) The businessmen described the PA security services as weak and fragmented -- "20 groups" vying with each other for primacy instead of two or three working together -- and said that while in some cases the services even know the identities of criminals, they cannot interfere. More importantly, Palestinian witnesses to crimes do not come forward with information because they know the police are unable to protect them. Abu Ramadan expressed certainty that this is true in the case of the murder of the USG personnel.

Security is Business' Top Priority

14. (SBU) The three men repeatedly emphasized the importance of security to the success of Gazan private enterprise. Pepsi bottler Mohammed Yazgi noted that in meetings with Abu Mazen the business community has requested security reform first and foremost, even before requests for economic reforms and assistance to private enterprise. Bseiso added that while he believes Gazan police are making an attempt to get a handle on "street security," they have not succeeded. Arafat had controlled the security services since 1967, he said -- that culture and mentality cannot change overnight.

Disengagement: "Breaking Apart the Road Map"

15. (SBU) Yazgi, Abu Ramadan, and Bseiso said that while Israel plans for disengagement and the World Bank and donor community formulate their responses, Gazans have "no voice" in the process and no clear picture of what it will mean for private enterprise. The men said they fear that separate GOI disengagement policies towards Gaza and the West Bank will break apart components of the road map, to the detriment of a negotiated final status.

16. (SBU) The Ambassador responded that the USG views disengagement as a positive step and will support it as long

as it is not the "end of the road" of GOI engagement. With Arafat gone, he explained, there is no excuse for Israel, the PA, or the U.S. not to move forward on the road map. The three men said they view the U.S. as the only appropriate third party to diligently monitor road map implementation at this juncture.

Will Sharon Help or Hinder New PA?

17. (SBU) Bseiso then raised the question of PM Sharon's willingness to empower Abu Mazen and the new PA leadership. Both politically and security-wise, he said, Israel has the power to make the PA either strong or weak. He added that in his view PM Sharon did nothing to help Abu Mazen when he became Prime Minister. The Ambassador said that Sharon has recently begun to believe now is the right time to take numerous steps he could not take when Arafat was in power. After the PA elections, he said, it seems Sharon will be willing to talk to Abu Mazen, and in fact must find a way to do so regarding disengagement issues like settlement assets and the maintenance of Israeli-Palestinian business ties.

Movement of Goods and People

18. (SBU) The men expressed their continued vital interest in the free movement of goods and people in and out of Gaza. They related a variety of difficulties at the border crossings, including a recent delay at Erez during the processing of new magnetic cards for long-term permit holders that resulted in only 100 cards being issued over a ten-hour day. Abu Ramadan argued that Rafah has a daily capacity of over 3,000 people, yet the IDF slashes that number even to 150 when they are "in a bad mood." On the movement of goods, Yazgi pointed out that it costs a Gazan over USD 4,000 to import a container of goods from the U.S. -- USD 1,000 all the way to Ashdod port and USD 3,000 from Ashdod into Gaza due to delays at Karni terminal.

19. (SBU) The Ambassador said that the World Bank has also emphasized the importance of freer movement for goods and people, and added that technological improvements and possible privatization of terminal operations could ameliorate the current situation. The USG supports a Gazan airport and seaport, he continued, and wants to see the security situation improve to a point where these are possibilities. Sharon has meanwhile agreed to the "compromise" of a transport helicopter between Jordan and Gaza, something he refused to consider six months ago. "We are 10% of the way" towards a number of World Bank post-disengagement economic goals, he said.

Planned Gazan-Israeli Business Meeting

10. (SBU) The Ambassador asked the businessmen if they would like Embassy assistance in arranging a meeting with Israeli counterparts to discuss economic aspects of Gaza withdrawal. The three agreed such a meeting would be beneficial, noting that they had held similar meetings in the past with good results. They added that the Gazan private sector is planning a conference on disengagement in the coming weeks that will address issues like the crossings, agribusiness, settlement assets, and industrial zones. They agreed to liaise with Embassy Economic section to arrange a joint Israeli-Gazan business meeting that may include working-level GOI interlocutors as well as representatives from the private sector.

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